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To: Selection and Member Services Committee, 9 March 2023

Subject: Member Remuneration Panel: Arrangements and Terms of Reference

Status: Unrestricted

1. Introduction

- a) The County Council is responsible for agreeing the Members Allowances Scheme. A scheme, or an amendment, can only be agreed by Council if it has a report with recommendations before them produced by the independent Member Remuneration Panel (MRP). The regulations underpinning this system have been essentially unchanged since 2003. As part of the ongoing review and refresh of the Council's governance, it is an appropriate time to consider whether any changes are needed to the current process. Recommendations and options are put forward on the following:
1. Starting point of the four-year Members Allowances Scheme.
 2. Recruitment process of the MRP.
 3. Updating the Terms of Reference of the MRP.
- b) This report only considers matters relating to the recruitment and terms of reference of the MRP and does not make any comment on the Member Allowances Scheme itself or content of any previous MRP report.

2. Starting Point of a Four-Year Scheme

- a) The long-established practice at Kent County Council has been to agree a four-year Members Allowances Scheme coterminous with a four-year Council term. The long-standing practice of the Council has been to agree the scheme after the elections and once the four-year Council term has already begun to which the scheme applies.
- b) Any annual uprating over the four years of a scheme is now agreed as part of the budget and so are put into effect from the start of the financial year.
- c) The intention of the 2003 regulations underpinning Members' allowances schemes is for a scheme to be agreed prior to the beginning of the year to which it applies. As can be seen from Part 1 of Appendix 2, practice varies across the country – not only in terms of whether schemes are agreed before the start of the year but also whether reviews are conducted every year, or every four years, and when a four-year scheme commences.
- d) The following options are presented:
- 1) **Do nothing.** The current arrangements would remain. The MRP would be appointed in the November prior to an election, with a report

received after the election. A four-year scheme would be agreed aligned with the Council term, and any changes for the first year backdated if needed.

- 2) **The four-year scheme starts the year after each election.** No changes are made to the appointment date of the MRP. The MRP is then asked to firstly make recommendations for a one-year scheme (2025/26), which would be agreed and backdated if needed. Secondly, a full review would be carried out by the MRP with a report and recommendations made for a four-year scheme to cover the last three years of the Council term and first year of the following one.
 - 3) **The next full review is brought forward.** A four-year scheme aligned with the Council term would be agreed prior to the 2025 election. To ensure the MRP were in post when it was agreed, the next MRP would need to be appointed in November 2023.
- e) Both options 2 and 3 involve transitional arrangements. Under option 2, the Council would be agreeing a one-year scheme after the 2025 election to cover that year. The first year after the following election (2029/30) would be covered by the four-year scheme already in place. Under option 3, the MRP would have up to 6 members for one year – current members would be entitled to apply for appointment in November 2023 and would start a new four-year term then if appointed; otherwise, they would remain in post alongside these members.
- f) Only option 3 would require additional action prior to the next election.

3. Recruitment of the MRP

- a) As set out in the Terms of Reference of this Committee and the Panel, the selection process of the MRP endeavours to put some distance between Members and those charged with making recommendations on their allowances. A selection panel of three non-Members is appointed by the Selection & Member Services Committee and they are responsible for making nominations as to whom Council should appoint. Historically, the selection panel has been composed of Honorary Aldermen.
- b) This indirect method of selection is unusual with no equivalent arrangement being found on surveying other Councils. It also adds several months to the process. In all other authorities reviewed the selection of names for nomination was conducted by senior Members, senior Officers, or a combination of both. Honorary Aldermen are not covered by the indemnity policy for Members and Officers. If there was a challenge to the recruitment process (including the interviews carried out), this could potentially put the Honorary Aldermen at risk as well as being a reputational risk to the Council.
- c) The principle of distancing Members from the recruitment in the current practice is a sound one. The recommendation therefore is that the Monitoring Officer is responsible for the recruitment/selection process of names for nomination, and this would require a change to the terms of reference of the Panel and a consequential amendment to that of the Selection and Member Services Committee (see Appendix 1). Full Council will still have the final say on appointing the full Panel.

4. Updating the Terms of Reference of the Panel

- a) The role and responsibilities of the MRP are clearly set out in the 2003 regulations. However, the terms of reference are currently not very detailed and could potentially lead to reports and recommendations from the Panel that either cover too little or too much. A review of other terms of reference showed that most contained more detail as to what the scheme should contain and therefore what the recommendations should focus on.
- b) The revision would also be an opportunity to correct an anomaly. The purpose behind the 2003 regulations was that the MRP report would provide an independent perspective from people unaffected by the scheme. However, the allowance for the Panel forms part of the scheme. The MRP have a conflict of interest when considering an increase to the day-rates.
- c) Under the regulations, the Council may make provision to pay Panel members an allowance and/or pay expenses. This payment should not be part of the Members Allowances Scheme as Panel members are not Members or Co-opted members. In addition, the last review was conducted virtually, and led to additional administration where the day rate was converted to an hourly rate.
- d) What is suggested is a straightforward allowance per review, plus appropriate expenses. The figures suggested in the draft terms of reference are based on examples from other authorities, and a consideration of the sums claimed for previous reviews.
- e) The suggested changes to the Terms of Reference are set out in Appendix 1.

5. Further Information

- a) This Committee discussed an earlier version of this paper on 1 December 2022. Additional background information was requested by the Committee to assist them in their deliberations.
- b) This information is set out in Appendix 2. Building on the findings of a further review into practices at other Councils, this paper has been updated with clearer options about the starting point of the four-year allowances scheme.

6. Recommendation

The Selection and Member Services Committee is asked to:

1. Discuss and choose a preferred option on the start point of the next four-year allowances scheme.
2. Recommend to County Council that the Terms of Reference of the Member Remuneration Panel be amended as set out in the appendix.

7. Background Documents

None.

8. Report Author and Relevant Director

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